Manitoba

ANNUAL REPORT

1984

Manitoba Labour

Pension Commission

85-3708/

MANITOBA

MINISTER OF LABOUR

WINNIPEG
R3C 0V8

To Her Honour,
Pearl McGonigal,
Lieutenant-Governor for
the Province of Manitoba.

Madame:

It is my pleasure to present to your Honour, the Annual Report of the Pension Commission of Manitoba for the year 1984.

Sincerely,

Mary Beth Dolin

Manitoba

Labour Pension Commission

1004 — 401 York Avenue
Winnipeg, Manitoba, CANADA
R3C 0P8

Honourable Mary Beth Dolin
Minister of Labour
Room 343
Legislative Building
WINNIPEG, Manitoba

Dear Madame Minister:

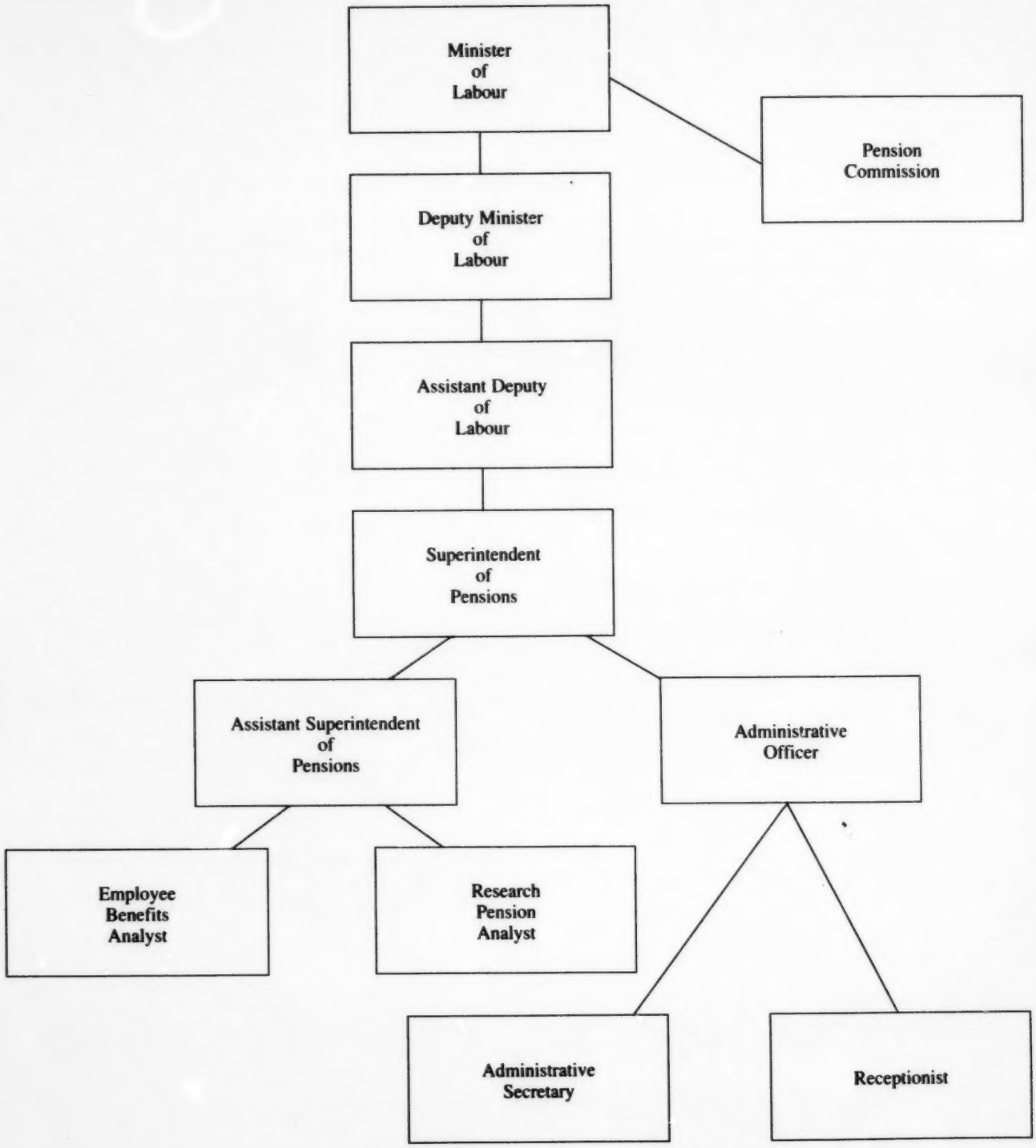
We are pleased to forward you, the Minister responsible for administration of the Pension Benefits Act of Manitoba, the tenth Annual Report of the Pension Commission for the year 1984.

Yours very truly,

Jean Minish

Jean Minish
Chairperson

Organizational Chart
Pension Commission
Manitoba Labour



Tenth Annual Report
of
The Pension Commission
For the Period Ending
31 December 1984

Pension Commission
1004 - 401 York Avenue
Winnipeg, Manitoba.
R3C 0P8

Phone: 204-945-2740

Administrative Staff:

Wes Peters, Superintendent of Pensions
Jack C. Haip, Assistant Superintendent
Donna Sylvestre, Administrative Officer
Darlene Augert, Administrative Secretary
Sandra Cockerill, Receptionist
Gale Feindel, Pension Analyst
Debbie Lyon, Employee Benefits Analyst

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Part I
Duties and Functions:

The office of the Superintendent operates directly in accordance with the Pension Benefits Act of Manitoba and Regulations. Our role and mission is:

1. To encourage the establishment, extension and improvement of pension plans throughout Manitoba.
2. To educate and provide interpretation of the Pension Benefits Act to all employers, plan members, plan administrators and the general public.
3. To assist the above clients and Government Departments who wish to utilize our special skills and expertise.
4. To register plans and protect plan members rights and ensure that Manitobans can retire with financial solvency.
5. To enlist the opinions, participation and help of all branch personnel in the decision-making process.
6. To review current legislation and present recommendations for improvements.
7. To practice democratic decision making, affirmative action and effective planning within the department and to present these practices as examples to others.

The Pensions Branch is also responsible for upholding the reciprocal agreements made with other provinces having similar legislation. Legislation similar to the Pension Benefits Act in Manitoba has been enacted by Ontario, Quebec, Saskatchewan, Alberta, Nova Scotia and Canada (Federal government).

Representatives of the above mentioned jurisdictions as well as others, participate in two specific organizations known as:

1) CAPSA — Canadian Association of Pension Supervisory Authorities — This body includes appointed Superintendents, Chairpersons and/or Senior Officers of each Pension jurisdiction. The group of CAPSA officials meet periodically to exchange ideas and concerns. While this organization does not have the authority to make changes to existing legislation, their function is to gather information for recommendations to the various governments.

2) Committee of Superintendents — This body involves the Superintendents and pension officers of the various pension branches. The Committee of Superintendents also meet periodically and their function is to discuss areas of concern relating to the administration of pension plans and report on the current activities of each jurisdiction.

Part II
Overview of the 1984 Activities:

Branch staff are directly in contact with our clientele. The clientele consists of plan sponsors, plan members, insurance and trust company officials and the general public. It is the staff of the Pensions Branch who examine documents submitted for each pension plan, investigate and suggest resolution of complaints or queries, promote pension plans in the province and conduct research studies. Branch staff work under the direction of the Superintendent of Pensions, who is responsible for the effective operation of the Branch. This group of people work as a team to provide effective and efficient service to our clientele.

1984 has been a year of many changes, both in our legislation and in our staff. The first set of amendments became effective January 1, 1984, and the objective at that time was to advise all pension plan sponsors as to the amendments and what was required by the Pensions Branch. It was decided that the best approach to extending this information to all groups concerned would be a province-wide advertising campaign combined with the distribution of six pamphlets outlining the changes in non-technical terms. It was the intent of the Pensions Branch to appeal to Manitobans through such an awareness campaign and the response was overwhelming. By July, the branch had received thousands of requests to receive copies of the pamphlets from individuals as well as major plan sponsors to distribute to their plan members. Approximately 370,000 copies of the pamphlets were printed to meet this demand.

The branch continued its involvement with investigating concerns from plan members and employees. As a result of the amendments, several Manitobans contacted the branch to obtain information relating to their own situation.

In order that correct interpretations were relayed to all groups concerned, the branch participated in a co-sponsored seminar in January with the Canadian Pension Conference (Manitoba Regional Council). The seminar was co-ordinated in a workshop fashion and staff of the Pensions Branch participated as workshop session leaders each speaking on specific areas of legislation. The success of this seminar prompted the Pension Branch to become involved with several other organizations in similar co-sponsored activities throughout the year. Branch staff also addressed individual companies and their employees to answer their questions and assist them in complying with the legislation.

Two major staffing developments occured during 1984:

The Superintendent of Pensions, Mr. A.J. O'Brien, left the Commission in February to pursue a senior executive position with a major Manitoba insurance company. In addition, Mr. R. Youngson, Employee Benefits Analyst, left the Commission in January to accept the position of Assistant Superintendent with the Province of Saskatchewan.

Mr. Wes Peters was appointed Superintendent of Pensions in September and Ms. D. Lyon was appointed Employee Benefits Analyst in July. Both Wes and Debbie bring extensive experience in the area of pensions to these positions.

The Board known as the "Pension Commission" consists of nine members from various walks of life. The following persons were appointed members of the Pension Commission:

*Jean Minish, Chairperson
John Friesen, Vice-Chairperson
Georgia Cordes
George Enns
Paul Hart
William McCallum
*Aidan O'Brien
*Marcel Painchaud
*Wendy Waldman

*Also members of the Multi-Employer Sub-Committee

During 1984, 11 regular Commission meetings were held in addition to six sub-committee meetings, which were established for the review of Multi-Employer plans and legislation applicable thereto. The Commission reviewed a variety of cases this year relating to specific areas of the legislation which required input from the members. Several cases dealt with requests for surplus refunds under company pension plans. Commission members reviewed all aspects of the plan to ensure that members received benefits to which they were entitled and that equal consideration was given to the employer. The question of ownership of surplus monies has been of great concern to the Commission members in their review of surplus refund requests.

With regard to the Sub-Committee, this group was established in August to address the specific problem areas faced by multi-employer pension plans. These problem areas are being reviewed and it is the intention of the Sub-Committee to discuss these proposals with interested parties before proceeding further.

Late in 1984, Mr. John Friesen advised the Commission of his resignation due to relocation outside of Manitoba. Mr. Friesen had served on the Commission since February, 1979, as a member, and in 1984, he was appointed Vice-Chairperson. When dealing with Commission matters, Mr. Friesen has effectively applied his actuarial knowledge and expertise, particularly in the formulation of amendments to the Pension Benefits Act. The Pension Branch has been very fortunate to have a member and Vice-Chairperson of his calibre and sincere interest over the last six years.

Also, late in 1984, Mr. W. McCallum became unable to resume activities as a member of the Pension Commission due to an unfortunate accident.

Part III
Highlights of the Pension Benefits Act

This year was a very busy one for the Pension Branch as the greater majority of the changes to the Act took effect January 1st.

Enquiries within these areas of the Act concerned:

— splitting of pension credits
— mandatory joint and survivor retirement pension
— portability
— timing of refunds.

The second stage of changes to the Act come into effect January 1, 1985. Highlights of these changes are as follows:

1. Death Benefit Before Retirement

In the event of the death of a married plan member, the member's spouse will receive the death benefit. If the member was vested, this benefit will be used to provide a life annuity for the spouse. The spouse has the right to transfer the benefit to a locked-in R.R.S.P., or to another registered pension plan (if that plan agrees to accept such a transfer), but will not be eligible for a cash refund of any portion of this benefit.

2. 5 Year Vesting and Lock-In

All benefits in respect of service after January 1, 1985, or in respect of previous service under a plan amendment made after January 1, 1985, will be vested after five years of service. These vested benefits must also be "locked-in" (ie. used to purchase a pension).

A requirement for vesting and locking-in from 5 years to 2 years will take effect January 1, 1990.

3. Uni-Sex

No pension plan shall provide for or permit:

(a) different rates or amounts of contributions by the members,

(b) different pensions, annuities or benefits,
(c) different options as to pensions, annuities or benefits,
(d) the inclusion in or exclusion from membership in the pension plan of employees,
(based on differences in sex.

4. 50% Maximum Employer Cost Rule

The employer must pay at least 50% of the commuted value of an employee's pension benefit earned on and after January 1, 1985. The 50% cost rule applies in all calculations involving annuities (ie. death, termination, retirement, disability, or marriage break-up). Any excess employee contributions that were made may be refunded in cash or may be used to increase the amount of the deferred annuity.

Part IV
Future Directions

Representatives of the various provinces and Federal government have been reviewing the possibility of establishing uniform pension legislation across the country. The objective of uniform pension legislation is to create greater equity within pension plans and provide continuity between the different jurisdictions. The representatives for Manitoba are Mary Eady, Deputy Minister of Labour, Wes Peters, Superintendent of Pensions, and Gudrun Fritz, Research Analyst with the Department of Finance. These jurisdictions, which regulate more than 14,000 employer sponsored pension plans covering 3.5 Million employees hope to finalize the details to provide uniform legislative action on most private pension issues in 1985.

Multi-Employer Pension Plans

Under most pension legislation in Canada, the onus for compliance is placed on the employer. The employer is held responsible for plan registration, administration, funding and investments. Under a multi-employer pension plan, usually a large number of employers contribute in respect of their employees into a pension plan. These individual employers are not able to assume the administrative responsibility that is assumed by an employer under a single employer plan. It is The Board of Trustees of the multi-employer plan that assumes the role of these employers. They act on behalf of the employers and employees and are responsible for the complete operation and administration of the plan.

Currently, the Pension Commission is reviewing the need for legislation applicable to Multi-Employer pension plans.

During 1984, a sub-committee of the Pension Commission was established to review current legislation and identify specific problem areas with respect to multi-employer pension plans. Proposals for change to legislation has been identified. It is the intent of the sub-committee to have these proposals adopted by the Commission and have them form the basis of a discussion paper to be presented to the multi-employer representatives in Manitoba and subsequently to the Minister of Labour.

Coverage

In view of the numerous amendments made to improve existing plans, the Branch will be focussing more attention on the establishment and extension of pension plans during 1985/86. Concentrating efforts on this activity will involve direct contact with employer groups who do not have an established pension plan. We hope to initiate interest in establishing a pension plan by educating Manitobans as to the need for pension planning in general. The Pensions Branch is hopeful that it will have the support of Manitobans in its attempts to improve coverage throughout the Province.

Part V
Statistical Information

Plans Registered

Plans Registered up to December 31, 1983	=	1,239
New Plans Received January - December, 1984	=	130
		1,369
Plans Terminated in 1984	(47)	
*Plans Terminated 1976 - 1983	(388)	(435)
TOTAL Registered Plans	=	934

*Includes 19 plans transferred to other jurisdictions

Table 1
Pension Plans Registered/Terminated in Manitoba

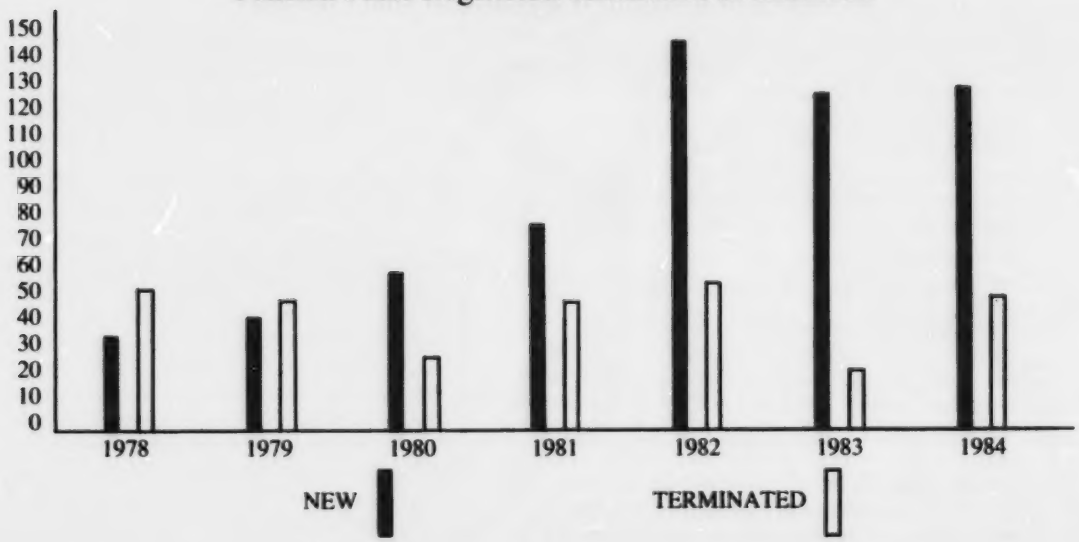

Table 2

New/Terminated Plans: Membership Affected

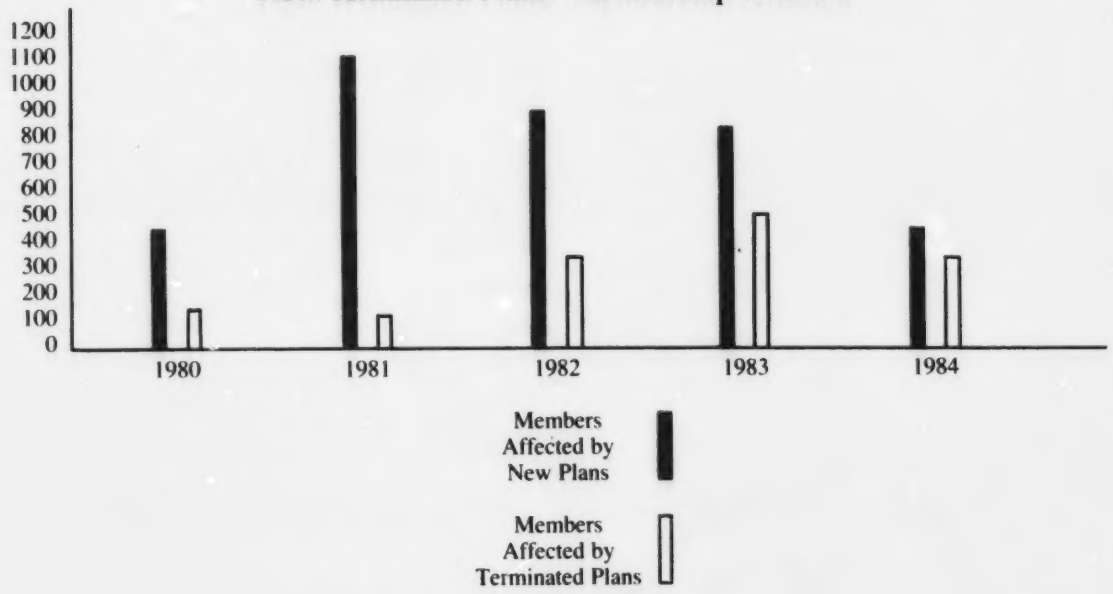

Table 3

Year	Manitoba Labour Force	Manitoba Plan Membership	Percentage of Manitoba Labour Force Participating in a Pension Plan
1981	406,000	186,941	45%
1980	486,000	182,736	37%
1979	478,000	173,540	36%
1978	471,000	171,826	36%
1977	460,000	154,248	33%